



U.S. Department of Justice

*United States Attorney
Western District of Tennessee*

*800 Federal Building
167 North Main Street
Memphis, Tennessee 38103*

*Telephone 901.544.4231
Fax 901.544.4230
TTY 901.544.3054*

PRESS RELEASE

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FOR FURTHER INFORMATION:
CONTACT: Leigh Anne Jordon
(901) 544-4231

Arkansas Deputy Sheriff Sentenced in Aircraft Parts Scam

Memphis, TN - Terrell L. Harris, U.S. Attorney for the Western District of Tennessee, announced that John S. McHann was sentenced today to serve 6 months in prison followed by 6 months home detention by U.S. District Judge Julia S. Gibbons. McHann also was ordered to serve 3 years of supervised release following his term of imprisonment. Judge Gibbons also ordered to forfeiture of \$165,108.88 in U.S. Currency that McHann turned over to the government as part of his plea agreement.

McHann pled guilty October 29, 2001, to two counts of Wire Fraud, one of Money Laundering and one Criminal Forfeiture count. These charges are the result of a three-year joint investigation involving the Department of Defense Criminal Investigative Service, IRS-Criminal Investigation, the Defense Logistics Agency and the United States Attorney Office.

According to the information, McHann devised a scheme to defraud and obtain money and property from the Erie County New York Sheriff's Department and the United States

Department of Defense by fraudulently obtaining helicopters and helicopter parts. He allegedly represented that the aircraft and aircraft parts and components would be utilized by the Mississippi County Arkansas Sheriff's Department when McHann actually intended to sell the majority of the parts and profit personally. McHann, as resident of Millington, Tennessee, owned and operated Southern Flying Service, Inc. (SFS) located in Millington, TN. SFS was in the business of providing contract aviation services to the State of Arkansas for a State marijuana eradication program funded by the U.S. Drug Enforcement Administration (DEA). SFS was also in the business of selling aircraft parts and helicopters.

The information states that McHann conducted a monetary transaction with the proceeds from his scheme by withdrawing \$55,000 in funds from Merchant and Farmers Bank and used it towards the purchase of a lot in Shelby County, Tennessee. The funds were the proceeds from the sale of a Bell helicopter that had been issued to the Mississippi County Sheriff to be used to protect the citizens of Arkansas.

As part of his plea agreement, McHann agreed not to be involved in the maintenance or operation of any helicopters owned or operated by a state, local or federal government. Also McHann agreed to cooperate with the IRS and file amended/corrected income tax returns for at least 1996 and 1997.

Assistant U.S. Attorney Stephen Parker prosecuted the case for the government.

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